

BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
[LAKE WYLIE, SOUTH CAROLINA]

HEARING # 13-11371

DECEMBER 12, 2013

6:03 P.M.

DOCKET NO. 2013-275-WS:

CAROLINA WATER SERVICE, INC. - Application for Adjustment of Rates and Charges, and Modification of Certain Terms and Conditions for the Provision of Water and Sewer Service

**TRANSCRIPT OF TESTIMONY
AND PROCEEDINGS**

VOLUME 1 OF 3

COMMISSIONERS PRESENT: G. O'Neal HAMILTON, *CHAIRMAN*, Nikiya M. 'Nikki' HALL, *VICE CHAIRMAN*; and COMMISSIONERS John E. 'Butch' HOWARD, Elizabeth B. 'Lib' FLEMING, Swain E. WHITFIELD, Comer H. 'Randy' RANDALL, and Brent L. McGEE
ADVISOR TO COMMISSION: F. David Butler, Esq.

STAFF: Jocelyn G. Boyd, Chief Clerk/Administrator; James Spearman, Ph.D., Executive Assistant to Commissioners; William O. Richardson and Phil Riley, Advisory Staff; Jo Elizabeth M. Wheat, CVR-CM/M-GNSC, Court Reporter; and Jackie Thomas and Calvin Woods, Hearing Assistants

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CAROLINA WATER SERVICE, INC., APPLICANT

FLORENCE P. BELSER, ESQUIRE, and JEFFREY M. NELSON, ESQUIRE, representing the SOUTH CAROLINA OFFICE OF
REGULATORY STAFF

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P R O C E E D I N G S

[6:03 p.m.; Commissioner Fleming was absent until her arrival at 6:16 p.m., as reflected at page 15 hereof.]

CHAIRMAN HAMILTON: We'll call the hearing to order, please. We'd like to welcome each of you to this night hearing of the South Carolina Public Service Commission.

First, I'd like to introduce you to our Commissioners. On my far left is Commissioner Howard, who represents the First Congressional District. Next is Commissioner Hall; Commissioner Hall represents the Sixth Congressional District. On my far right is Commissioner McGee, the Second Congressional District. Commissioner Randall represents the Third Congressional District. And Commissioner Whitfield is the Fifth Congressional District. I'm chairman and I represent the Seventh Congressional District.

Tonight we're proud to be here, and we received letters from Sen. Wes Hayes, Rep. Pope, and Rep. Norman, requesting that we come to this community tonight to have the public hearing and, actually, we're proud to do that. I don't think Sen. Hayes is here, and I haven't seen Rep. Norman.

1 Rep. Pope is here.

2 **VOICE:** Sen. Hayes is here.

3 **CHAIRMAN HAMILTON:** Sen. Hayes is here.

4 Excuse me. Thank you, Representative.

5 I was just wondering if either of y'all would
6 have anything to say before we begin the hearing.

7 **REP. POPE:** Thank you, sir. I appreciate your
8 time tonight. Rep. Norman will actually be
9 speaking officially on the issue, but, obviously,
10 you know it's of great importance to my
11 constituents, and that's why I'm here.

12 **CHAIRMAN HAMILTON:** Thank you.

13 **REP. POPE:** Thank you, sir.

14 **CHAIRMAN HAMILTON:** We appreciate you being
15 here.

16 Sen. Hayes? Happy to have you here, Senator.

17 **SEN. HAYES:** Thank you. I appreciate y'all
18 coming to York County. I know you all have a tough
19 job all over the state, and I appreciate you being
20 here.

21 This issue is important to my constituents, as
22 well as Rep. Pope's. I just wanted to say just a
23 few words to you. I don't want to get into the
24 merits too much, but it's my understanding that,
25 you know, this is a fairly substantial rate

1 increase that has been requested. And I just had
2 just a few notes I wanted to just mention to you
3 very quickly.

4 The current water system in this area,
5 compared to the other eight water systems in the
6 surrounding area in York, Mecklenburg, and Gaston
7 Counties, is already, on average, 37 percent higher
8 than water and sewer rates of any of the other
9 eight systems around. If this is approved, it will
10 be 51 percent higher than the districts all around
11 it, and it will be 35 percent higher than any
12 district around it.

13 So, you know, once again, they may can justify
14 that, but I can tell you that will work a hardship
15 on a lot of families in this area. It will work a
16 hardship as far as property value. It will work a
17 hardship as far as being competitive on economic
18 development in this area. So I would certainly
19 urge you to make sure that this is justified,
20 because, if it is approved, it is definitely going
21 to work a hardship on the people of this area.

22 Thank you.

23 **CHAIRMAN HAMILTON:** Thank you, Sen. Hayes.

24 Thank you, very much, sir.

25 [Applause from audience]

1 Rep. Norman? Rep. Norman, did you want your
2 information to appear as part of the record and be
3 sworn in?

4 REP. NORMAN: Yes, sir, if I could.

5 CHAIRMAN HAMILTON: All right.

6 [Witness sworn]

7 THEREUPON came,

8 THE HONORABLE RALPH NORMAN,
9 who, having been first duly sworn, testified as follows:

10 WITNESS: Mr. Chairman and members of the
11 Public Service Commission, thank you for allowing
12 me to speak today. I've been before this body for
13 the last seven years as we have battled Carolina
14 Water Systems and have tried to, I guess, get some
15 reasonability and fairness into the system.

16 What I would like to do tonight is read a
17 letter from the Clover School District. Dr. Sosne
18 could not be here tonight, so, on behalf of the
19 school district, I would like to read the letter on
20 their behalf.

21 "As one of Carolina Water Service's largest
22 customers, the Clover School District has not been
23 immune to the poor customer service or quality of
24 service experienced by many homeowners in our
25 community. To highlight one example in which the

1 school district has had a negative encounter with"
2 Carolina Water Systems, "I will briefly reflect on
3 the opening of Oakridge Middle School in 2008. As
4 a pawn in its chess match," Carolina Water Systems
5 "purposefully stalled the opening of water lines
6 that would eventually service the school."

7 Carolina Water Systems "demanded the district close
8 a well that was on the campus and used solely for
9 construction..." The well was just for the
10 construction and nothing else. "We believe"
11 Carolina Water Systems "did not have the authority
12 to dictate such action and strong-armed the
13 district into closing the well at the time.

14 "Over the past 12 months, the district has
15 paid \$70,118 for water, sewage, and irrigation to
16 service at Crowders Creek Elementary School and
17 Oakridge Middle School. If, as reported," Carolina
18 Water Systems' request is to increase, "which could
19 be as much as 30 percent is approved, it has the
20 potential to cost the school district an additional
21 \$22,000 annually - which is approximately
22 equivalent to a teacher assistant position in the
23 district. A proposed elementary school scheduled
24 to open in August 2016 on Oakridge Road would
25 increase the district's financial obligation to"

1 Carolina Water Systems.

2 "As it has been said" many times here tonight,
3 "the Clover School District believes this rate
4 increase is not justified."

5 I will show you a recent article of July 29th
6 from the *Lake Wylie Pilot*. It's entitled "All Lake
7 Users Paying Price for Poor Service."

8 Ladies and gentlemen, last year they dumped
9 266,000 gallons of sewage into Lake Wylie. Over
10 the past three years, they've dumped over 250,000.
11 I don't know how many times -- the residents of
12 Tega Cay, just like River Hills, have had it up to
13 the limit with Carolina Water Systems. Not only
14 have they given poor service, but they have not
15 maintained the lines. The sewage lines in River
16 Hills and Lake Wylie and pretty much all of Tega
17 Cay are the two-foot terra-cotta lines which have
18 joints every two feet. The roots are growing in
19 it. There's simply no way to serve the sewage
20 needs, and it's just not fair for the people that
21 have to swim in sewage like they've been doing.

22 I ask that you consider not granting the
23 increase. I ask that you really take a look at
24 this, at their request. I can tell you, when we
25 proposed a bill years ago to make them break the

1 systems down -- so that River Hills would have a
2 cost analysis, Tega Cay, and all the others -- they
3 were at my front door with lawyers, protesting.

4 So I would enter this as evidence, and I would
5 just implore you to please go slow with this, and
6 anything that they do, you question, because we
7 have not found them trustworthy, nor have we found
8 them consistent to serve the people of River Hills
9 or really any of the districts.

10 Thank you, sir.

11 **CHAIRMAN HAMILTON:** Thank you, Rep. Norman.
12 We'll enter the article and the letter as a
13 composite, Exhibit No. 1.

14 [Applause from audience]

15 [WHEREUPON, Hearing Exhibit No. 1 was
16 marked and received in evidence.]

17 **CHAIRMAN HAMILTON:** At this time, we have one
18 of our Commissioners, Commissioner Fleming, caught
19 in traffic. And we have a 15-minute rule in South
20 Carolina, that a Commissioner can't miss 15 minutes
21 of a hearing and participate in the merits hearing.
22 So if you will please bear with me a few minutes,
23 we will give her time to get here.

24 We have some preliminary matters that we can
25 go into at this time that wouldn't affect that.

1 And, at this time, we'll have appearances.

2 And who represents the company?

3 **MR. TERRENI:** Mr. Chairman, I'm Charlie
4 Terreni.

5 **CHAIRMAN HAMILTON:** Mr. Terreni, do you have
6 any preliminary matters?

7 **MR. TERRENI:** No, sir.

8 **CHAIRMAN HAMILTON:** Thank you, sir.

9 And ORS?

10 **MR. NELSON:** Thank you, Mr. Chairman.
11 Everybody, I'm Jeff Nelson; I'm an attorney with
12 the state Office of Regulatory Staff. Sitting with
13 me here is Florence Belser; she's also an attorney
14 with the ORS.

15 We have a couple of other people here tonight,
16 as well, from our office. Ms. Dawn Hipp is sitting
17 here [indicating]. Ms. Hipp is the director of our
18 Water and Wastewater Department. Mr. Willie Morgan
19 [indicating]; he's an engineer in our Water and
20 Wastewater Department. And Mr. Brad Kirby is
21 sitting right here [indicating]. Mr. Kirby is in
22 our Consumer Services Division.

23 Mr. Chairman, if I could just take a --

24 **CHAIRMAN HAMILTON:** Yes, sir, please.

25 **MR. NELSON:** -- moment, I'd like to just do a

1 brief introduction.

2 For some of you that haven't been to these
3 night hearings -- can I just sit down, if that's
4 okay? I don't mind if you don't look at my face,
5 but I don't want to touch this microphone; I'm
6 afraid it might break. Hopefully, you can hear me
7 better now.

8 I just wanted to outline to you a little bit
9 the procedures of how this operates, for those of
10 you that haven't been in one of these hearings like
11 this before, and to give you a little bit of
12 background, as well, because sometimes people get
13 confused between the roles of the Public Service
14 Commission and our office at the Office of
15 Regulatory Staff.

16 We're a fairly new office. The Public Service
17 Commission itself has been around for over 100
18 years. It's an old organization. In 2004,
19 however, by Act of the South Carolina Legislature,
20 some of the duties that used to belong to the
21 Public Service Commission were taken out of that,
22 and then they were created under this Office of
23 Regulatory Staff.

24 The Office of Regulatory Staff has auditors,
25 engineers, and attorneys, primarily, on staff, as

1 well as our Consumer Services Department. Whereas
2 the Public Service Commission used to have people
3 on staff that actually did the investigation,
4 audited, and presented cases in front of them, they
5 were also hearing the cases. So now we have a
6 separate office that does that.

7 In this process here, what our office does is
8 we will look at the application -- we are party to
9 all of these cases. We will look at the
10 application that's filed by the company; we'll do a
11 complete audit of the books and records of that
12 company, and look at the application and verify
13 everything. We look at thousands of documents in
14 one of these rate cases. We look at invoices; we
15 look at investment that the company has made. We
16 also go out with our engineers and do a physical
17 inspection of most of the plant of these companies,
18 as well, to see how those plants are operating.

19 So with this creation of our office, the
20 Public Service Commission is now what is called a
21 quasi-judicial body. It is pretty much like the
22 judges in this state. In that way, they are not
23 allowed to -- by law -- answer questions that are
24 asked of them. It's the same thing as if there's a
25 judge sitting on a bench, and you're a witness in

1 the case; you can't ask that judge questions about
2 the case. In the same manner -- they are not being
3 rude to you; it's not that they don't know the
4 answers to the questions -- because they are bound
5 by the Code of Judicial Conduct that they have to
6 sit as judges in this case because that is their
7 role in the process. On the other hand, our office
8 can talk to you. And we would love to talk to you.

9 If there's any point during this proceeding,
10 after this proceeding, that you need to talk to
11 somebody -- if you have questions to ask about the
12 procedure, about anything that's going on with this
13 case -- we are open to talk to you. Myself, Ms.
14 Belser, Ms. Hipp, Mr. Kirby, Mr. Morgan, we'll all
15 be here. So during the course of it, if you want
16 to come up and talk to one of them in the back,
17 please feel free to do so. If you want to wait
18 until this proceeding is over, we'll stay here and
19 talk to everybody that wants to talk to a member of
20 the Office of Regulatory Staff, until we've talked
21 to everybody. So, that's why we're here.

22 So, again, please don't try to ask them --
23 they're not being rude, again, but the
24 Commissioners cannot answer the questions that you
25 ask them. That's what we're here for.

1 That's all I have, Mr. Chairman.

2 **CHAIRMAN HAMILTON:** Thank you, very much, Mr.
3 Nelson.

4 At this time, I'll call on our attorney, Mr.
5 David Butler, for the procedures of the hearing.

6 **MR. BUTLER:** Thank you, Mr. Chairman.

7 Good evening, and welcome also from the
8 Commission staff. I'm an attorney with the
9 Commission, and the proceeding before the
10 Commission is in Docket No. 2013-275-WS, and
11 concerns the proposed increase in rates and charges
12 filed with the Commission by Carolina Water
13 Service.

14 First, I would ask, if you would, please mute
15 or cut off your cell phones, so that they won't
16 disturb the process that we're going through.

17 In a moment, I'll call the names of those who
18 have signed up to speak to come forward to the
19 podium. I'm also going to call on an on-deck
20 witness, who will be next after the sworn witness.

21 [WHEREUPON, at 6:16 p.m., Commissioner
22 Fleming joined the proceedings.]

23 After you're sworn in, if you would please,
24 state clearly your name and address, and also
25 please confirm that you're a customer of Carolina

1 Water Service and state your subdivision. Then you
2 can proceed with your testimony.

3 Please be sure, when you come forward to the
4 podium in front of the Commission, to speak into
5 that microphone that you see, so that everyone can
6 hear you, including the court reporter, who is
7 making a record of what you say. After you're done
8 with your testimony, please remain at the podium
9 for any questions that the parties or the
10 Commissioners might have for you.

11 Now, we have placed a time limit of three
12 minutes on all presentations. As you can see, we
13 have a timer, which will aid you in timing your
14 testimony. The timer is set to sound off at the
15 end of three minutes. Now, we'll clarify that your
16 three minutes will not start until after you're
17 sworn in and after you identify yourself, so you'll
18 have three full minutes to make your presentation.

19 Now, if you have not signed up to testify
20 tonight, and you decide somewhere in the middle of
21 the hearing that you would like to be heard after
22 all, please proceed to one of the back entrances
23 and sign in with the Commission staff members
24 located back there, and the staff member will tell
25 us of your wish to testify. The Commission will

1 not hear from you unless you've signed up to speak.

2 And I do want to remind everyone that this
3 public hearing is your time to testify with regard
4 to the Carolina Water Service's proposed rate
5 increase. But, again, as was stated by Mr. Nelson,
6 due to the judicial nature of this proceeding, the
7 Commissioners cannot take questions and are
8 prevented from making comments directly on the
9 case. And, once again, ORS has stated that they
10 will be available after the hearing for any
11 questions that you might have, and I know that the
12 company is available also with all its personnel.

13 Just for your general information, the actual
14 merits hearing, which will have all the various
15 technical people and technical testimony, will
16 actually be on Tuesday, January 14, 2014, at 10
17 a.m., in the offices of the Commission. We also
18 intend to have another public hearing concerning
19 this matter in the Commission's hearing room, which
20 is going to take place on Monday, January 13th at 6
21 p.m. And please note that, if you provide
22 testimony tonight, you can't really provide
23 testimony a second time if you attend one of the
24 other hearings in this case.

25 So now that I've filled you in on all the

1 details, I can begin to call the names of the
2 witnesses who've signed up to speak. And as I
3 said, I plan to call two names at the same time:
4 one to be sworn in to testify, and then one to be
5 on deck so you're ready to speak next.

6 So if I could have Ms. Susan Gauff, G-a-u-f-f,
7 to speak; and Mr. Bill Morris would be on deck.
8 Thank you, very much.

9 [Witness sworn]

10 THEREUPON came,

11 **S U S A N G A U F F ,**
12 who, having been first duly sworn, testified as follows:

13 **WITNESS:** Hi, my name is Susan Gauff. I live
14 at 65 Honeysuckle Woods, in River Hills
15 Subdivision.

16 I have lived under Carolina Water Service here
17 for seven years. I constantly have billing
18 problems with the water service. Bills are highly
19 inconsistent and, in fact, two days ago I received
20 a bill in the amount of \$178 for more than 14,000
21 gallons of usage in a home that two people reside
22 in, compared to average monthly usage of 4500
23 dollars_[sic]. This happens fairly regularly with the
24 service. At least once a year, I get a bill like
25 this that I don't understand. I always call; they

1 always send someone to read the meter. They look
2 at the meter and they always tell me, "There's no
3 problem, there's no leaks, there's nothing wrong.
4 Pay the bill."

5 So, despite the fact that we have this huge
6 water cost, I don't feel that we are properly being
7 serviced by this company, nor are they readily
8 accessible to deal with these issues or make any
9 compromises. At one point, three years ago, I
10 received a bill for over \$350. And after much
11 going back and forth, I wrote the company a letter
12 asking them and saying, "Hey, we don't agree on
13 this, but I'll split the difference with you." And
14 even though paying half that bill is still more
15 than twice what I would normally pay, I paid half
16 the bill and they turned my water off.

17 So, needless to say, I'm not very happy with
18 the customer service, and I don't think they
19 deserve to have any increase in their rates until
20 these kinds of issues can be resolved. Thank you.

21 **CHAIRMAN HAMILTON:** If you would stay, Ms.
22 Gauff, if you would --

23 **WITNESS:** Yes.

24 **CHAIRMAN HAMILTON:** -- so we can see if we
25 have any questions.

1 Do we have any questions of Ms. Gauff?

2 **COMMISSIONER FLEMING:** Yes, Mr. Chairman.

3 **CHAIRMAN HAMILTON:** Commissioner Fleming.

4 **COMMISSIONER GAUFF:** Yes.

5 **EXAMINATION**

6 **BY COMMISSIONER FLEMING:**

7 **Q** Good evening, Ms. Gauff. I apologize for being late,
8 but I got lost on my way. I was sent on a small winding
9 road, but I finally made it. But I wanted to find out,
10 when you've had these issues, have you called the Office
11 of Regulatory Staff, as well as complaining to the
12 company?

13 **A** I have not. And just tonight as I was here earlier, I
14 learned that such a staff existed, and I've already been
15 offered some support to resolve the current issue that I
16 have here.

17 **Q** Thank you, because that's important.

18 **A** Yes. Thank you, very much. And I'm sorry I did not
19 know about that earlier, but thank you for mentioning
20 it.

21 **CHAIRMAN HAMILTON:** Do we have any other
22 questions?

23 [No response]

24 Thank you, very much, Ms. Gauff. We
25 appreciate your testimony.

1 **WITNESS:** Thank you.

2 [WHEREUPON, the witness was excused.]

3 **MR. BUTLER:** I'd like to call Mr. Bill Morris
4 to the stand, and Mr. Charles Wood will be on deck.

5 [Witness sworn]

6 THEREUPON came,

7 **B I L L M O R R I S ,**

8 who, having been first duly sworn, testified as follows:

9 **WITNESS:** Good evening, Commissioners.

10 **CHAIRMAN HAMILTON:** Good evening, sir.

11 **WITNESS:** My name is Bill Morris. I live at
12 16 Hummingbird Court, right here in River Hills.

13 We purchased our home in May of 2011 and moved
14 in permanently in July of 2012. Our first
15 encounter with Utilities was a bill for \$189 in
16 July of 2011, when the house was empty. When I
17 questioned the bill, I was told that the house had
18 an irrigation system. That was not true. When I
19 asked if the house had prior water problems, I was
20 denied any information.

21 In September 2011, we received a call from our
22 security here at the gate, telling us we had water
23 shooting up in our front yard. We were not in the
24 state at the time, but I called a plumber and he
25 turned the water off at the meter, until we could

1 address the problem. He repaired the water line
2 and we were okay until the next leak, which was
3 about -- the leak was about the same place on the
4 line as the first leak. It was on our side of the
5 meter, not too far of a distance from the meter.

6 When he was repairing the second leak, he
7 decided to check the pressure in three of our
8 outside faucets. And I was going around with him,
9 and the pressure was reading between 115 and 120
10 pounds. He said, "Gee, boy, that's too high." So
11 he installed a regulating valve right near the
12 meter, and ever since he did that, we haven't had
13 any leaks on our side of the meter. There have
14 been two leaks after that, on Utilities' side of
15 the meter, but they're right at the base of our
16 driveway. And what happened is that part of our
17 driveway was destroyed; and also, on the second
18 leak, they had to make a repair at the road, at the
19 base of our driveway.

20 But, in any event, the plumber did -- to go
21 back a second -- he set the pressure at 85 pounds
22 on our side of the meter, and like I said, I
23 haven't had any problems since then. I believe
24 that -- it must've been -- it looks to me like --
25 and I'm not an expert, but common sense would say

1 it probably had been a pressure problem. I asked
2 one of the Utilities workers one day when he was
3 out in the street if there was any such problem
4 with pressure, and he said, "Absolutely not. You
5 know, we have 90 pound pressure; we tested it up
6 the street." And I found that a little difficult
7 to believe, when it was 115 to 120 at my house
8 before it was changed.

9 In summary, we have spent well over \$2000 --

10 [3-minute alarm]

11 **CHAIRMAN HAMILTON:** Go ahead and finish.

12 **WITNESS:** I've just got another...

13 **CHAIRMAN HAMILTON:** Go ahead.

14 **WITNESS:** -- \$2000 for water bills, while
15 living in a house for 20 months. We have spent
16 approximately \$800 in plumbing bills to repair the
17 leaks that were my responsibility.

18 I'm more than willing to pay for good service,
19 but I am only getting lip service from Utilities,
20 Inc. The service received from Utilities does not
21 warrant a rate increase, in my opinion.

22 Thank you for allowing me time to speak
23 tonight.

24 **CHAIRMAN HAMILTON:** Thank you, sir. If you'll
25 just wait. Do we have any questions of the

1 witness?

2 COMMISSIONER HOWARD: Mr. Chairman.

3 CHAIRMAN HAMILTON: Commissioner Howard.

4 EXAMINATION

5 BY COMMISSIONER HOWARD:

6 Q Mr. Moore, do you get sewer service, too, from Carolina
7 Water? You said you didn't have any problem -- you said
8 you had some problems with the sewer, or the --

9 A Not the sewer, sir. Just incoming water.

10 Q Do you have sewer problems? Do you get sewer from
11 Carolina Water?

12 A Yes.

13 COMMISSIONER HOWARD: Okay, thank you.

14 CHAIRMAN HAMILTON: Any other questions?

15 [No response]

16 Mr. Moore, I'd advise you to talk with one of
17 the ORS representatives before you leave, if you
18 have time tonight.

19 WITNESS: Thank you.

20 CHAIRMAN HAMILTON: Thank you, very much, for
21 your testimony.

22 [WHEREUPON, the witness was excused.]

23 MR. BUTLER: I'd like to call Mr. Charles Wood
24 to testify, and Mr. Don Long will be on deck.

25 [Witness sworn]

1 THEREUPON came,

2 C H A R L E S W O O D ,

3 who, having been first duly sworn, testified as follows:

4 WITNESS: I am Charles Wood. I live at 3
5 Cedarwood Court here in the River Hills Plantation.

6 I am a 34-year resident of Lake Wylie and
7 Carolina Water Service, but I also am chairman of
8 the Lake Wylie Chamber of Commerce, with over 400
9 business members, and we are all concerned that
10 approving this 26 percent rate increase and the new
11 terms and conditions will drive new business, new
12 apartments, new single-family homes away from the
13 Lake Wylie area. We also are concerned that it
14 will affect the market value of the existing homes
15 in the Lake Wylie area, when potential buyers learn
16 how expensive our water and sewer is.

17 A reasonable rate increase would be perhaps
18 the cost of living, especially after five very
19 difficult business years in the past. Less than
20 one mile away from where you're sitting, the
21 Attorney General, Roy Cooper, of the state of North
22 Carolina, is protesting Duke Energy's 7.2 percent
23 increase since it will, quote, "unfairly burden
24 customers." He would have a field day here,
25 listening to a 26 percent rate increase that would

1 really, really -- quote -- "unfairly burden
2 customers."

3 Ladies and gentlemen, thank you very much for
4 being here.

5 **CHAIRMAN HAMILTON:** Just a second. Do we have
6 any questions of Mr. Woods?

7 [No response]

8 Commissioners?

9 [No response]

10 Mr. Woods, would you like for your statement
11 to be a part of the record?

12 **WITNESS:** Yes.

13 **CHAIRMAN HAMILTON:** If you would, give it to
14 the clerk, and we'll mark it as Exhibit No. 2.

15 [WHEREUPON, Hearing Exhibit No. 2 was
16 marked and received in evidence.]

17 [WHEREUPON, the witness was excused.]

18 **MR. BUTLER:** I'd like to call Mr. Don Long to
19 testify, please, and Mr. Ken Bozeman will be on
20 deck. Thank you.

21 [Witness sworn]

22 THEREUPON came,

23 **D O N A L D G . L O N G ,**

24 who, having been first duly sworn, testified as follows:

25 **WITNESS:** My name is Donald G. Long. I live

1 at 14 Sunrise Point Court, in Lake Wylie, South
2 Carolina.

3 I'm here tonight because Carolina Water
4 Service is asking for a 25 percent increase in our
5 water and sewer rates, and that's not in any way
6 justified. Lake Wylie accounts for over 48 percent
7 of CWS's water business and over 30 percent of
8 their sewer business in South Carolina. We
9 represent 40 percent of their overall presence in
10 South Carolina.

11 I have several points which I hope you have
12 time to hear:

13 First, CWS apparently divides itself into
14 subdivisions, of which there are 50 listed in CWS
15 testimony. Lake Wylie is one of the 50. The
16 average CWS subdivision has 450 customers. The
17 Lake Wylie subdivision has over 8400 customers or
18 customer equivalents, making it 20 times the
19 average customer size and the largest of 50.

20 There are only eight of the 50, 16 percent,
21 that are larger than the average; and 42, 84
22 percent, are smaller. Since we're not given any
23 financial statements at the subdivision level, we
24 can't be sure, but it's a good bet that Lake Wylie
25 and a couple of the larger subdivisions other than

1 us are providing a good deal of subsidy to smaller,
2 less efficient systems, and CWS is making it up in
3 profit on the volume.

4 Second, Lake Wylie has by far the highest
5 water and sewer rates in and around York County,
6 including Charlotte/Mecklenburg, Gastonia, Clover,
7 Rock Hill, York, Fort Mill, and Tega Cay. Overall,
8 we, in Lake Wylie, pay 37 percent more for the
9 combination of water and sewer than the average of
10 the other eight; and with the proposed rates, we'll
11 pay 51 percent more. Fifty-one [51] percent more.
12 That is outrageous and unjustified.

13 The water rate disparity is even worse. We
14 pay 54 percent now more than the other systems
15 would see; and if the new rates are put in place,
16 this would go to 73 percent more for water. For
17 sewer, we currently pay only 23 percent more than
18 everybody else. We get a real bargain on that.

19 For an average user of 3750 gallons per month
20 per person, or 7500 per month per household, we
21 currently pay \$380 per year more than the other
22 systems, and we will pay \$560 more on an annual
23 basis. That kind of money would come in handy
24 right about this time of year.

25 I know that CWS and Utilities, Inc., don't

1 really care, since Chicago is a long way from Lake
2 Wylie, but these ridiculous rates have a negative
3 impact on real estate values and on the Lake Wylie
4 economy in general, as well as making local retail
5 prices higher and businesses less profitable.

6 Third, because of the rate disparity and the
7 relative stability of the county's costs, the
8 county's share of the water and sewer revenue has
9 gone down from about 50 percent to near 40 percent.
10 How come a government agency can be so efficient
11 and a private company like CWS is so inefficient by
12 comparison to the government and to its private
13 peers?

14 Fourth, Utilities, Inc., in its blatant
15 marketing cover letter for the Notice of this
16 hearing, advertised all the wonderful capital
17 improvements on which they were spending millions
18 in South Carolina. Although the detail is
19 typically obscure, it appears that Lake --

20 [3-minute alarm]

21 -- Wylie, which is the largest component of
22 the system at over 40 percent, is getting somewhere
23 between 3 and 7 percent of the investment -- as was
24 the case at the time of the last hearing. And what
25 happened with at least half of the investment is

1 not clear at all.

2 Fifth, the PSC should control the total
3 content of the hearing notices so that they aren't
4 associated with marketing efforts of CWS. It
5 doesn't help the PSC's reputation, in many cases.

6 Sixth, the financial data provided with the
7 hearing notice is unaudited. Lots of excuses are
8 provided, but the net of this situation is that the
9 financial data provided is somewhere between
10 suspect and useless, as is the 78-page financial
11 diatribe submitted by CWS to justify its requested
12 return on equity, because unaudited data is of
13 value only to the creator. It allows the creator
14 to create the answer, and then work backward to
15 justify it, and those who accept it are this man's
16 lawful prey.

17 Accountants will tell you that, for purposes
18 of meaningful analysis, it's worthless, yet this is
19 the basis on which our rates are supposedly being
20 justified.

21 Seventh, CWS claims the financial data for
22 each of their operating entities or subdivisions is
23 not available and can't reasonably be obtained. At
24 this point, if a company the size of Utilities,
25 Inc., can't readily produce a financial analysis of

1 the value of the potted plant in the lobby, let
2 alone an operating subsidiary, it should consider
3 encouraging other employment for its Information
4 Technology Department, top to bottom.

5 Eighth, at the last rate-adjustment hearing, a
6 subtle billing error which had been in place for 31
7 months and which produced an overcharge to Lake
8 Wylie customers of about \$108,000 was pointed out.
9 It was subsequently corrected, although not
10 acknowledged, but it's not clear whether
11 reimbursement was ever made.

12 Ninth, prior to the last hearing in 2011, York
13 County looked at the overall Lake Wylie system with
14 the idea or intent of considering acquiring it.
15 The conclusion was that the Lake Wylie system owned
16 by CWS had virtually no value, as it needed almost
17 as much maintenance and upgrading as could be
18 recouped through reasonable rates. And this was a
19 thorough analysis, and it wasn't done for fun. As
20 I interpret it, if CWS would walk away from the
21 system, the county indicated it would pick it up.
22 The system has been milked dry, and this rate
23 increase, along with skimpy capital investment, is
24 simply an attempt to get a little more milk before
25 the cow dies.

1 In summary, Lake Wylie's already paying 40
2 percent more than anyone else in the area for water
3 and sewer service, and we are now being asked to
4 raise the ante to pay 50 percent more than anyone
5 else. The system has been poorly maintained, which
6 continually shows in a variety of system problems
7 and which has it approaching the end of its useful
8 life. The actual operational status is unknown.
9 The financial information provided is unaudited
10 and, because of that, is of very little value or
11 use for analyzing the operations and/or the need
12 for a rate increase.

13 Despite repeated presentations of this type at
14 previous hearings similar to this one, the PSC has
15 taken no meaningful action to improve the
16 situation. You were astute enough to turn down the
17 last rate-increase request, but that's still
18 somewhat in limbo and we continue to pay as if it
19 had been approved. At a minimum, we ask that you
20 deny this current rate-adjustment request summarily
21 and in its entirety. It is not justified by any
22 reasonable measure or standard. Thank you.

23 **CHAIRMAN HAMILTON:** Thank you. Do we have any
24 questions of Mr. Long?

25 **COMMISSIONER FLEMING:** Mr. Chairman?

1 **CHAIRMAN HAMILTON:** Commissioner Fleming.

2 **EXAMINATION**

3 **BY COMMISSIONER FLEMING:**

4 **Q** Could you go into a little bit more detail about the
5 study that York County did?

6 **A** I don't have a copy of the study, so I'm not privy to
7 exactly what they've done.

8 **Q** Well, I'm just wanting to know -- could you talk about
9 just what the findings --

10 **A** I know that they had their Engineering Department and
11 others -- and I don't know whether they hired an
12 independent consultant to take a look at it, or not,
13 very frankly, but they went into some of the things that
14 were mentioned earlier, that Rep. Norman mentioned about
15 the condition of the pipes, the condition of the pump
16 stations, the condition of the lift stations. Looked at
17 all those things and, of course, the previous processing
18 system and all that had been shut down by that time for
19 quite a while, and as you know, the county provides the
20 processing and the source of water to the system today.

21 But they did, as I understand it, a fairly thorough
22 analysis of the condition of all the components of the
23 system as it exists today -- that is, the components
24 that are in the ownership of CWS -- and that their
25 intent was to consider acquiring it. There may still be

1 some conversations in that regard. I'm not privy to
2 that.

3 **Q** Oh, all right. I thought you said the condition was
4 such that it would --

5 **A** Well, York County said that the condition was such that,
6 if CWS would walk away from the system, they'd take it.

7 **Q** Right, right.

8 **A** In other words, they felt that they --

9 **Q** But they did not --

10 **A** -- might be able to continue --

11 **Q** -- want to --

12 **A** -- with the current --

13 **Q** -- purchase it.

14 **A** -- rates and provide enough money to bring the system
15 back into a reasonably operable condition, which it's my
16 understanding they did not think it was at the time.

17 **COMMISSIONER FLEMING:** Okay. Thank you.

18 **CHAIRMAN HAMILTON:** Would you like your
19 statement to be a part of the testimony, Mr. Long?

20 **WITNESS:** Certainly.

21 **CHAIRMAN HAMILTON:** If you would, please give
22 it to Mr. Richardson. Thank you for your
23 testimony, sir.

24 **WITNESS:** Thank you.

25 [Applause from audience]

1 [WHEREUPON, Hearing Exhibit 3 was marked
2 and received in evidence.]

3 MR. TERRENI: Mr. Chairman.

4 CHAIRMAN HAMILTON: Yes, sir.

5 MR. TERRENI: I just have a question for the
6 Chair. Would you like us to follow past practice
7 and reserve objections or should they be made
8 contemporaneously?

9 CHAIRMAN HAMILTON: Yes, sir.

10 MR. TERRENI: Past practice?

11 CHAIRMAN HAMILTON: Go ahead, if you'd like to
12 go ahead.

13 MR. TERRENI: I have no objection to what Mr.
14 Long said. I just wanted to know, for the rest of
15 the hearing, do you need me to make them
16 contemporaneously or should we do what we've done
17 on previous occasions?

18 CHAIRMAN HAMILTON: Just do as we've done in
19 the past, would be great.

20 MR. TERRENI: Thank you, sir.

21 CHAIRMAN HAMILTON: Yes, sir.

22 MR. BUTLER: Okay. We'd like to call Ken
23 Bozeman to the stand, and Ms. Jackie Harrington
24 will be on deck.

25 And I might say, I noticed there were a few

1 people who came in after we started, and I will say
2 once again: If you have not signed up to testify
3 tonight and you decide, during the course of the
4 hearing, that you want to be heard after all,
5 please proceed to the back door and sign up.
6 There's a staff member located back there. The
7 staff member will notify us if you wish to testify.
8 The Commission will not hear from you unless you
9 have signed up to speak.

10 **CHAIRMAN HAMILTON:** The sign-in sheet is a
11 part of the record that aids ORS.

12 [Witness sworn]

13 THEREUPON came,

14 **K E N B O Z E M A N ,**
15 who, having been first duly sworn, testified as follows:

16 **WITNESS:** My name is Ken Bozeman. I own
17 Plantation Square Shopping Center just right down
18 the street, here, a 21-unit shopping center, very
19 small. All types of businesses in it.

20 Last October, we got the first bill and I
21 noticed a huge increase, and I started looking on
22 the bill and comparing it to the past, and found
23 out that they had started tripling single-family
24 equivalents on my bill. Now, everyone here pays a
25 single-family equivalent. They started multiplying

1 these numbers on my accounts, which drives up my
2 water bill. In some cases, it made up 80 percent
3 of the bill, just for collection fee.

4 They're using DHEC form 61-67 to justify this.
5 DHEC does not authorize that to be used as a rate
6 chart; this is a permitting chart for new
7 construction of sewage plants. But this company
8 has taken this and decided they will use these
9 numbers to raise your water rates.

10 For example, they will charge 40 gallons a day
11 for a vending machine. A vending machine. Forty
12 [40] gallons a day for a drive-in restaurant. Now,
13 I don't know if they're washing the cars when they
14 go through there, but I don't think you can drink
15 40 gallons of tea in a restaurant.

16 This whole chart, it's ridiculous how they're
17 using it. So they can come in -- you just had a
18 case in Lexington, South Carolina, on another
19 utility where they went up from \$800 a month to --
20 water collection -- to over \$5,000. Now, I
21 understand they have compromised down to about
22 \$1,500, but just in collection fees. Now, when
23 your water bill is about 60 percent to 80 percent
24 of a fee, something is bad wrong about this thing.

25 Now, it's going to impact every business out

1 here -- especially restaurants, drive-through
2 restaurants, beauty parlors, anywhere that they
3 think they can get water that they can use this
4 chart. We're all going to pay for it. Everybody's
5 going to see their rate go up. They're wanting a
6 50 percent increase -- looks like to me, what I got
7 here -- on just SFEs in this area. So you're going
8 to start off with about a \$40 charge before you
9 even buy the water.

10 So my whole complaint about this is that DHEC
11 form, and I want it to be looked into, to see how
12 they can justify this. Like I say, this is not
13 sanctioned by DHEC. This goes back to about 30
14 years ago.

15 I'd also just like to say I started this
16 process in October of a year ago, when I started
17 this. I sent a letter off to Office of Regulatory
18 Staff. They got back; I met with the Water
19 Department guy and two people from ORS. They were
20 very careful to explain to me why I should be glad
21 to pay this so the sewage wouldn't back up. We
22 couldn't come to resolve anything there. So then
23 we had a conference call, and they said, "Well,
24 since you're representing an LLC, you have to have
25 an attorney." There's only two reasons you have

1 that: One is to discourage people from coming to
2 the PSC, and the other is the good ol' boy system
3 takes care of fellow attorneys in South Carolina.
4 So I hired an attorney. Then I was told that I was
5 advocating for my tenants and not for my own
6 company. And I told them, I said, "How can you not
7 advocate for your customers? Any good businessman
8 advocates for his customers."

9 [3-minute alarm]

10 That's the way you stay in business. So they
11 wanted to throw it out based on that. So then the
12 last -- latest letter I got from them said that,
13 well, they've already heard my argument, and what
14 do I expect them to do? Well, I expect them to
15 listen -- that's what I expect them to do -- and
16 look into this situation with this SFEs that
17 they're using to justify these rates.

18 Now, a little 100-seat restaurant -- which is
19 not real big -- can wind up with almost a \$300-a-
20 month collection fee. And if they get their rate
21 increase here, it will be close to \$500. I think
22 it's absolutely ridiculous that we have to put up
23 with that out here.

24 That is my testimony.

25 **CHAIRMAN HAMILTON:** Thank you, sir.

1 Do we have any questions of the witness?

2 [No response]

3 Mr. Bozeman, I -- Commissioner Whitfield?

4 **EXAMINATION**

5 **BY COMMISSIONER WHITFIELD:**

6 **Q** Mr. Bozeman, are you only a commercial customer? I know
7 you own, you said, Plantation Square.

8 **A** Yes, commercial customer.

9 **Q** Are you also a residential commercial -- customer?

10 **A** I moved here several years ago -- away from here several
11 years ago. I live at Isle of Palms, which supposedly
12 has the most expensive water in South Carolina, and it's
13 so much cheaper than this you wouldn't believe.

14 [Laughter from audience]

15 It is unbelievable. I took one of my bills down
16 there and had the fellow down there run it. I've got a
17 collection of water bills here [indicating]. Every one
18 they ran through there, what they would charge me in
19 Isle of Palms was about half of what they charge me
20 here. And we have the most expensive water in the
21 state.

22 **Q** Well, that's my only question. Do you want the Chairman
23 to enter that in as an exhibit to the case?

24 **A** Well, I've got a whole file here that goes back. Now I
25 can give you some things here that I -- were -- my

1 original complaint, I can give you a copy of that. And
2 I'll be glad to mail it to you. I have been trying to
3 get this all to ORS. I've got a lawyer right now
4 involved in this thing, and I can't seem to get an
5 appointment with anybody down there. So we're kind of
6 fighting this bureaucracy; they're pushing me off and
7 delaying things, but we'll see what happens.

8 **CHAIRMAN HAMILTON:** Mr. Bozeman, ORS is here
9 tonight.

10 **WITNESS:** I know it.

11 **CHAIRMAN HAMILTON:** I expect you could get
12 that --

13 **WITNESS:** I'm going to talk to them.

14 **MR. NELSON:** Could I clarify this, Mr.
15 Chairman? I believe Mr. Bozeman has a Complaint
16 pending with the Public Service Commission, not
17 with us.

18 **WITNESS:** Yeah, I'll be glad to talk to you.
19 I want to talk to somebody here. Believe me, I've
20 spent a year on this thing.

21 **COMMISSIONER WHITFIELD:** That's all I have,
22 Mr. Chairman.

23 **CHAIRMAN HAMILTON:** Thank you, very much.

24 Mr. Bozeman, thank you very much --

25 **WITNESS:** Thank you.

1 **CHAIRMAN HAMILTON:** -- for your testimony,
2 sir.

3 [WHEREUPON, the witness was excused.]

4 **MR. BUTLER:** I'd like to call Jackie
5 Harrington to testify, and Ron Reed will be on
6 deck.

7 [Witness sworn]

8 THEREUPON came,

9 **J A C K I E H A R R I N G T O N ,**
10 who, having been first duly sworn, testified as follows:

11 **WITNESS:** I don't have any statistics, none at
12 all. They've all done it. I just want to tell you
13 a personal opinion that I feel and that many of my
14 friends feel. When we buy something of value for
15 our homes, we put aside money for its obsolescence.
16 We feel that a company, private or public, should
17 do the same. You would think, if you were in
18 business, you would plan for obsolescence. It
19 seems to us that they have done nothing toward
20 that, all these years, and now all of a sudden they
21 keep coming back every year for another raise in
22 the water. They want us to pay for replacing some
23 things that they should have planned for. I think
24 they should sell it to us. That's all.

25 **CHAIRMAN HAMILTON:** Thank you, very much. Do

1 we have any questions for Ms. Harrington?

2 MR. NELSON: Ms. Harrington, could you provide
3 an address for us, please?

4 COURT REPORTER: And your name, also, please?

5 WITNESS: I'm Jackie Harrington and I live at
6 627 Fairway Ridge, in Lake Wylie.

7 CHAIRMAN HAMILTON: Thank you, Ms. Harrington.

8 [WHEREUPON, the witness was excused.]

9 MR. BUTLER: I'd like to call Ron Reed to
10 testify, and Pete Addison will be on deck.

11 [Witness sworn]

12 THEREUPON came,

13 R O N R E E D ,

14 who, having been first duly sworn, testified as follows:

15 WITNESS: My name is Ron Reed. Address is 2
16 Weatherly Way, Lake Wylie.

17 I used to live in Abilene, Texas, and it's
18 kind of [word indiscernible] out there. The bills here are
19 approximately three times what they were out there.
20 So, I'm against the increase. That's all I have to
21 say.

22 CHAIRMAN HAMILTON: Thank you, sir. I
23 appreciate your testimony.

24 [WHEREUPON, the witness was excused.]

25 MR. BUTLER: I'd like to call Pete Addison,

1 please, to testify, and Lee Rowley will be on deck.

2 Lee Addison, please?

3 [Witness sworn]

4 THEREUPON came,

5 P E T E A D D I S O N ,

6 who, having been first duly sworn, testified as follows:

7 WITNESS: my name is Pete Addison. I moved
8 here about four years ago -- [indicating]. Excuse
9 me; this thing is going to kill me. We live at
10 1734 Mineral Springs Road, in The Landing.

11 We only have two people at our house. I'm
12 retired, on a fixed income. Just to give you an
13 idea, we take -- I take about an average of five
14 showers a week. My wife swims at the Y every day
15 during the week, so she takes showers then, so she
16 maybe does two showers a week. Due to the abundant
17 rain this year, we really have not watered the lawn
18 very much. We've had the irrigation system off
19 most of the year.

20 We came from California four years ago. I
21 lived in the same house there for 40 years, and we
22 were serviced by Los Angeles Department of Water &
23 Power -- DWA, known to everybody. The house we
24 owned there is approximately the same size house we
25 have here. Our bills were never anywhere close to

1 what they are here. Now, DWA has to get their
2 water from hundreds of miles away. They get
3 Colorado River water, they get water from the
4 desert, from all over the place, so it's got to be
5 expensive for them to do it. And if they can
6 provide service for a lot less money than this
7 little -- I won't say it -- this little company
8 that we're talking about now, there's something
9 wrong someplace.

10 Our last bill, which ran from 10/27 to 11/24,
11 was a total of \$213.59. That represented about
12 6000 gallons, and I get two bills a day -- or, a
13 month, so and another 8000 gallons. That's an
14 awful lot of water for what we do in that house.

15 I have done the best I can. We have low-flow
16 toilets, four of them, in the house. We have the
17 newer frontload washer that was ENERGY STAR when we
18 bought it. We have a new tankless water heater,
19 which I was told would save us money on water and
20 gas. That's still out to be proven or not proven.
21 But I've done everything I can to try and keep the
22 water down, and it just keeps getting worse and
23 worse all the time.

24 If this goes through, that \$213 is going to be
25 over \$250. That's a lot of money, especially for

1 retired people and you've got a lot of retired
2 people around here. I hope that somebody can do
3 something with this water company. They seem to be
4 out of control. I thank you for your time.

5 **CHAIRMAN HAMILTON:** Do we have any questions
6 of Mr. Addison?

7 [No response]

8 Thank you for your testimony, Mr. Addison.

9 [WHEREUPON, the witness was excused.]

10 **MR. BUTLER:** I'd like to call Lee Rowley to
11 testify, and Peggy Upchurch will be on deck.

12 [Witness sworn]

13 THEREUPON came,

14 **L E E R O W L E Y ,**

15 who, having been first duly sworn, testified as follows:

16 **WITNESS:** Lee Rowley. 96 Heritage Drive, here
17 in River Hills.

18 I appreciate you folks coming out tonight and
19 giving us a chance to speak our piece. I know you
20 guys aren't probably privy to our newspaper, our
21 *Pilot* that covers the area. My wife had a letter
22 to the editor this last week, and she wasn't able
23 to be here tonight, so I wanted to read this to you
24 verbatim.

25 "I have several questions regarding the

1 Carolina Water rate increase that I have not seen
2 asked, let alone addressed. First, my money market
3 account is earning .15 percent interest and has
4 been under 1 percent for several years. Most of my
5 stock dividends are 3 to 4 percent, or less, per
6 year. What is the 'reasonable rate of return' that
7 Carolina Water Company expects?

8 "Second, how long will it take Carolina Water
9 Service to recoup their investment at the rate they
10 are requesting? When the investment has been
11 recouped, do they plan to drop their rates back to
12 current levels? Of course not. So do we continue
13 to pay for their investment over and over again,
14 even after it has been recouped?

15 "Third, how much of the increase is going to
16 go to the investment recoupment and how much would
17 actually be wasted through nonessentials? When I
18 visit other areas in South Carolina, Georgia, and
19 Alabama, I ask my hosts," usually relatives, "what
20 their monthly water bill is. Their answers are
21 always much lower than mine, and my household is
22 very conservative with water usage.

23 "The utility commission should examine the
24 efficiency of Carolina Water's operation.

25 "I very much agree with Don Long in requiring

1 that they make the complete audit public to help in
2 determining what a reasonable increase should be."

3 And that's by Barbara Rowley, 96 Heritage
4 Drive, here in Lake Wylie. Thank you.

5 **CHAIRMAN HAMILTON:** Thank you. Would you like
6 to leave the article as part of the record?

7 **WITNESS:** I would.

8 **CHAIRMAN HAMILTON:** Give that to Mr.
9 Richardson, and we'll mark that as Exhibit No. 4.

10 [WHEREUPON, Hearing Exhibit No. 4 was
11 marked and received in evidence.]

12 **CHAIRMAN HAMILTON:** Thank you, for your
13 testimony, sir.

14 **WITNESS:** Thank you.

15 [WHEREUPON, the witness was excused.]

16 **MR. BUTLER:** I'd like to call Peggy Upchurch,
17 and Robert Lloyd will be on deck.

18 [Witness sworn]

19 THEREUPON came,

20 **P E G G Y U P C H U R C H ,**

21 who, having been first duly sworn, testified as follows:

22 **WITNESS:** Peggy Upchurch. 14 Sunset Point
23 Court.

24 No testimony, other than the fact to take the
25 time to thank you. With seven Commissioners, plus

1 seven staff members, that's a total of 14. With an
2 average from Columbia, driving up and back, that's
3 five hours of round-trip, which makes it about 70
4 hours. You've spent probably two hours here
5 tonight listening to us, and preparing, so that's
6 another 30 hours, so roughly 100 hours you guys
7 have spent in manpower to come up here and listen
8 to us give maybe 10 people's testimony for three
9 minutes each -- is 30 minutes' testimony, total?

10 We want to appreciate y'all doing that. But,
11 sincerely, I'm asking that you take half that time
12 that you've spent traveling up and back to
13 understand how Lake Wylie is different from the
14 other systems, the other 70 systems in the Public
15 Service Commission -- I mean, not the Public
16 Service Commission, but Carolina Water Service
17 Commission. Just in half that time, you'll
18 understand what we're trying to tell you. Thank
19 you.

20 **CHAIRMAN HAMILTON:** Thank you for your
21 testimony, Ms. Upchurch.

22 [Applause from audience]

23 [WHEREUPON, the witness was excused.]

24 **MR. BUTLER:** I'd like to call Robert Lloyd,
25 please? Robert Lloyd. And Mr. John G-a-u-c-i will

1 be on deck.

2 [Witness sworn]

3 THEREUPON came,

4 R. M I C H A E L L L O Y D ,

5 who, having been first duly sworn, testified as follows:

6 WITNESS: My name is Robert Michael Lloyd. I
7 go by Mike, so that's why I mention that. I live
8 at 22 Fairway Ridge Road, here in Lake Wylie.
9 That's in River Hills.

10 I wanted to start off with one example, one
11 incident we had back on January 24, 2012. We had a
12 leak in a cul-de-sac back here in River Hills that
13 affected about five homes in the cul-de-sac.
14 Carolina Water Service came over, tried to shut the
15 valve off in that area, and it was so old and so
16 frozen it could not be shut off. Carolina Water
17 also found that they really didn't have good maps
18 of the whole area showing the location of all the
19 shutoff valves, and they ended up going so far
20 upstream in order to shut off the valve that
21 controlled this area, they shut off water to over
22 500 homes. This was shut off then. It interrupted
23 service and there were boil-water advisories, all
24 because they don't maintain the infrastructure;
25 they couldn't shut that valve and isolate this to

1 five homes. It ended up affecting half of the
2 community back here, 500 homes.

3 As you've already heard tonight, I've heard
4 from several friends that I have met that, in
5 previous Commission hearings and then leading up to
6 this one, that didn't come tonight but they've also
7 reported this situation where Carolina Water, with
8 commercial businesses, has bullied the companies
9 into providing irrigation service to them, and has
10 refused to provide water service without going in
11 tandem with the irrigation system. And some of
12 these are companies that already had a private
13 well. I don't have them; that's not direct
14 testimony from me, but I would encourage you to
15 stop this and make it clear that Carolina Water
16 should not bully its customers that way.

17 In paragraph 12 of the Carolina Water
18 Application, they outline the needs for their 25
19 percent water rate increase. They used similar
20 wording in 2011 when they said they needed an 80
21 percent increase then. They didn't get it. You
22 gave them nothing. And under bond, they've
23 instituted a 9 percent increase. But now they're
24 asking for 25 percent.

25 If their records show they had to have 80

1 percent two years ago and now they can get by with
2 25, there's something wrong with that math. I'm
3 not a mathematician -- well, actually, I kind of
4 am, but it just doesn't add up. If their numbers
5 were so suspect two years ago, I have no reason to
6 believe them today.

7 Comparing the water rates in South Carolina,
8 you've heard a lot about some direct numbers. I
9 saw something on your all's webpage that listed the
10 29 contract rates for all these utilities that I
11 guess aren't government bodies, and there were 29
12 rates listed in there. Out of the 29 rates,
13 Utilities, Inc., had its subsidiaries at number
14 one, two, three, and six of all the rates that are
15 in there -- the highest rates in the state.

16 [3-minute alarm]

17 Number six is Carolina Water. If you grant
18 this increase, they will jump up to number four,
19 giving Utilities, Inc., the top four rates in the
20 state. And in our area here -- remember, they
21 don't provide the sewer; they don't provide water;
22 they just provide the distribution -- our effective
23 rate, when you add on the pass-through they add in,
24 is over \$6.00 per 1000 gallons, and that would
25 effectively knock us up to number two on a system

1 they provide very little service on.

2 I request you stop this insanity. They claim
3 they're not making money on our system; they need
4 these large rate increases. We've been asking for
5 years to be given to York County. York County has
6 done some studies. They say there's a lot of
7 problems with these old terra-cotta pipes and the
8 infrastructure's so poor. CWS is not investing in
9 it at all. They're doing the patch, patch, patch
10 that I talked about two years ago, and now they're
11 putting patches on patches.

12 I think it would be great if York County was
13 still willing to take it for almost nothing, or
14 maybe a nominal number of like \$1 million, not the
15 \$20 million Carolina Water wants -- because we had
16 to give this system to them years ago. They got it
17 from us for free, just like all the big
18 developments, and there's no reason that they
19 shouldn't be able to have to give it up for almost
20 free. So I would really implore Carolina Water to
21 let us go.

22 None of those big projects they talked about
23 in their rate increase were done in our area -- and
24 believe me, we need some done in our area. Our
25 pipes are leaking badly, and we need them to get in

1 there. Every other utility in here -- Duke Power
2 has replaced 80 percent of their trunk lines in
3 here in the last six years. In the last two
4 months, they've taken trees down over the
5 transmission line. The phone company is doing a
6 better job. Every utility here is doing a better
7 job, other than Carolina Water, and they are
8 continuing to milk our system.

9 I also -- several people that I talked to that
10 had complaints weren't able to bring them forward
11 to you, because, in the negotiations with Carolina
12 Water, they had to sign nondisclosure agreements.
13 And I think that's wrong. I think a public body
14 ought to be able to hear what the complaints are,
15 so I can hear what other people -- what problems
16 they're having, and I would like to know because
17 some of us have those too.

18 So with that, I thank you very much, and
19 encourage you to turn down this rate increase in
20 its entirety.

21 **CHAIRMAN HAMILTON:** Do we have any questions
22 of Mr. Lloyd?

23 [No response]

24 If not, would you like for your presentation
25 to be --

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WITNESS: I think I saw -- yes?

COMMISSIONER FLEMING: Mr. Chairman.

CHAIRMAN HAMILTON: Commissioner Fleming.

EXAMINATION

BY COMMISSIONER FLEMING:

Q Could you tell us again the date of when the five homes had the problem?

A January 24, 2012.

CHAIRMAN HAMILTON: If you would like, that will be Exhibit -- No. 5?

MR. BUTLER: No. 5.

CHAIRMAN HAMILTON: -- No. 5. Thank you, sir, for your testimony.

WITNESS: Thank you.

[WHEREUPON, Hearing Exhibit No. 5 was marked and received in evidence.]

[WHEREUPON, the witness was excused.]

MR. BUTLER: I'd like to call Mr. John G-a-u-c-i to testify, and Mr. Robert Hundley will be on deck.

MR. GAUCI: That's Gauci_[gow-chee].

MR. BUTLER: Thank you, sir.

[Witness sworn]

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1 THEREUPON came,

2 J O H N G A U C I ,

3 who, having been first duly sworn, testified as follows:

4 WITNESS: John Gauci. 2 Blackberry Lane, Lake
5 Wylie.

6 Four and a half years ago, we moved here -- I
7 retired -- my wife and myself, and we love it here
8 in Lake Wylie. We also love where we moved from:
9 Northport, Long Island. But as you all know, it's
10 expensive to retire in New York. We had four
11 people living in Northport in my home. My water
12 bill, we paid every three months. The average cost
13 was \$45 every three months. I watered my lawn
14 constantly, had the sprinklers going.

15 I moved here. One thing the real estate agent
16 didn't tell me was the cost of water. If I knew
17 that, I probably would not be standing here
18 tonight, and that's the truth. When you're looking
19 for a home, you look at taxes: great, wonderful
20 here. You look at gasoline prices: terrific. You
21 look at heating, electric. You don't think of
22 water, especially when you were paying \$15 a month.
23 And I know it's apples and oranges, two different
24 states, but that's an awful big difference.

25 Why? Why? How can you go from \$100-something

1 -- or, go from \$15 a month to over \$100? I had the
2 house here while I still owned the house in
3 Northport, and we weren't living here full-time.
4 The toilet ran for about six hours before I
5 discovered it: \$250 water bill. Why? It doesn't
6 make sense.

7 I put an outside meter, so I could try to
8 water what little lawn I have. It's mostly all
9 woods. That helped somewhat, but not a great deal.
10 Still \$100 or more. My daughter lives right here
11 near us, in Lake Wylie. She has triplet children.
12 Do you know how much clothes washing she does? Do
13 you know how much water --

14 [3-minute alarm]

15 -- she uses? She's not here today, I'm sorry
16 to say. She would be able to tell you. And that's
17 about it.

18 **CHAIRMAN HAMILTON:** Thank you, Mr. Gauchi.

19 Do we have any questions of the witness?

20 [No response]

21 Thank you for your testimony, sir.

22 [WHEREUPON, the witness was excused.]

23 **MR. BUTLER:** I'd like to call Mr. Robert
24 Hundley to testify, and Mr. James Cothran will be
25 on deck.

1 [Witness sworn]

2 THEREUPON came,

3 R O B E R T F . H U N D L E Y ,

4 who, having been first duly sworn, testified as follows:

5 WITNESS: My name is Robert F. Hundley. Call
6 me Bob. I live at 316 Ridge Reserve Drive, in
7 Heron Cove, just across the street.

8 I retired in July and moved to this location
9 after my retirement. I'd like to say the last
10 eight years I've lived in four different states --
11 Pennsylvania, Iowa, Ohio, South Carolina -- and the
12 water and sewer rates are extremely high, compared
13 to any of the other locations that we've lived in.
14 In fact, this is the only place where my water bill
15 exceeds my electric and gas combined, every month,
16 no matter what we use, even in the peak summer with
17 air-conditioning.

18 The reason we relocated here, my son lives
19 here in Windswept Cove, off Allison Creek. It's
20 about 10 miles from here. He's on a different
21 water system, and he uses a lot of water and his
22 bill is a fraction of what ours is.

23 As just as a point, because some other people
24 pointed out some defects they found. we have a
25 relatively new house that was built in mid-2008,

1 but when we moved in we found out that the backflow
2 prevention device was installed incorrectly, you
3 know, so it means that somehow the inspection from
4 the water company didn't catch it. So I had to fix
5 that upon moving in. It cost me \$650.

6 But I didn't look at the actual increase of
7 the 25 percent, but what I looked at -- and, you
8 know, to go into this -- but first of all, I looked
9 at the reason for the increase: It's necessary to
10 earn a reasonable rate of return on investment.

11 Well, that makes sense. I've been in
12 manufacturing and budgets for years, and every year
13 our goal was to keep our costs the same or lower,
14 while improving service. I guess public utilities
15 don't do that all the time, but my financial
16 advisors -- T. Rowe Price and Charles Schwab --
17 told me if I could get 3 or 4 percent a year
18 return, you're doing really good. But the current
19 return on combined operations, based on the
20 information that was posted for this, the net
21 income was 5.78 percent. With the rate increase,
22 if they don't spend that money, that would give
23 them 14.1 percent return on investment, while most
24 of -- well, me and a lot of other people who are
25 retired and on fixed income think 3 or 4 is pretty

1 good. That's 144 percent increase in return on
2 investment. That's pretty darn good.

3 When you look at the return on investment,
4 again based on the numbers posted to the website,
5 water for Utilities, Inc., is -8 percent. With the
6 increase, they would go to a return on investment
7 of 9.1, or a 213 percent increase. That's on net
8 income.

9 Sewer is positive right now for them; it's
10 12.3 percent in net income. With the increase, it
11 would go to 15.8 percent, or 28.46 percent increase
12 in net income. Now, that's assuming they don't do
13 anything but just collect their money. But I also
14 was unable to find any detailed plans on how the
15 increase would be used, no --

16 [3-minute alarm]

17 -- projection of rates in the future, or no
18 plans on how to become more efficient so rates
19 could be lowered instead of raised. And as one
20 other person said, I am concerned about the impact
21 on home values due to the water rates. I think
22 it's outrageous, and I think it should be denied.
23 And, further, I think rates should be reduced.
24 Thank you.

25 **CHAIRMAN HAMILTON:** Thank you, Mr. Hundley.

1 Do we have any questions of the witness? If
2 not --

3 COMMISSIONER WHITFIELD: Mr. Chairman?

4 CHAIRMAN HAMILTON: Commissioner Whitfield.

5 EXAMINATION

6 BY COMMISSIONER WHITFIELD:

7 Q Mr. Hundley, I got that you said your water exceeds your
8 electric and power bill. Could you share with us the
9 amounts of your water bills?

10 A I believe, average since we've been here -- from a low
11 of \$100 to \$220 -- they've averaged about \$150-\$160.
12 And it's just me and my wife.

13 Q A range of \$100 to \$220, is that what you're saying?

14 A Yes, and an average of \$150, according to the graph I
15 just got.

16 COMMISSIONER WHITFIELD: Thank you.

17 That's all I've got, Mr. Chairman.

18 CHAIRMAN HAMILTON: Thank you, very much.

19 [WHEREUPON, the witness was excused.]

20 MR. BUTLER: I'd like to call Mr. James
21 Cothran to testify, please, and Mr. Perry Johnston
22 will be on deck.

23 [Witness sworn]

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1 THEREUPON came,

2 J A M E S C O T H R A N ,

3 who, having been first duly sworn, testified as follows:

4 WITNESS: My name is James Cothran. I live at
5 42 Honeysuckle Court, right here in River Hills.

6 Moved here in October of last year, 2012.
7 Family of four. I heard earlier speaking in
8 reference to the average family usage was 7500
9 gallons a month? We use less than 6000. Everybody
10 in my family knows the meaning of, "If it's yellow,
11 let it mellow."

12 [Laughter]

13 Average daily usage of 187 gallons, with four
14 people. You take a shower, do some laundry, you
15 wash your dishes, that's not a bad usage. My
16 average bill is \$93 a month. I've lived -- grew up
17 in Columbia, South Carolina; I've have lived in
18 Pacific Grove, California; Irving, Texas;
19 Greenville, South Carolina; and back to Columbia
20 and here again. I've never had bills this high.
21 Not half this high.

22 On the bright side, \$93 a month -- compared to
23 some of your all's stories -- I feel like I'm
24 getting a bargain.

25 [Laughter]

1 So I appreciate y'all enlightening me a little
2 bit, and I -- you know, once again, I'm starting to
3 feel a little bit blessed with just \$93 a month.
4 But it's still corporate thievery. There should
5 not be any rate increase. There should be a rate
6 reduction.

7 And you folks in the Public Service
8 Commission, I hope you're hearing what all these
9 people are saying, and I hope you won't repeat what
10 you did to the people in Tega Cay. You know, those
11 people were right to be upset about the rate
12 increase down there, and apparently y'all didn't
13 listen to them, and went ahead and granted it, you
14 know. These folk around here, they're not telling
15 you stories, you know. They're watching their
16 water bills and they're doing everything they can
17 to keep them down, and it doesn't matter. So you
18 people at the Public Service Commission, y'all are
19 our only hope to get this under control. And I
20 appreciate your taking the time to come down here,
21 and I appreciate you listening to us. Thank all
22 y'all for coming.

23 **CHAIRMAN HAMILTON:** Thank you for your
24 testimony, Mr. Cothran.

25 [Applause from audience]

1 [WHEREUPON, the witness was excused.]

2 MR. BUTLER: I'd like to call Mr. Perry
3 Johnston to testify, please.

4 [Witness sworn]

5 THEREUPON came,

6 P E R R Y J O H N S T O N ,
7 who, having been first duly sworn, testified as follows:

8 WITNESS: Good evening. My name is Perry
9 Johnston, and I live at 5001 Lake Mist Drive, here
10 in the Lake Wylie area.

11 I really didn't plan on speaking, but when Mr.
12 Long talked, he said a few things, and I said,
13 "Well, I probably need to help out on that a little
14 bit," and Commissioner Fleming asked a question
15 about the York County involvement, and that's why I
16 wanted to speak at this point.

17 I'm a former York County Councilman
18 representing this district, and we have been
19 fighting this battle -- that was about seven years
20 ago, was my last term, and we've been fighting this
21 battle for a while, obviously. And it's not
22 getting better. It is getting worse. I forget who
23 the gentleman was that talked about the cow and
24 let's get all the milk out of the cow before it
25 dies. That cow is just about dead. And the

1 reality is that, when Mr. Long talked about a study
2 made and a reasonable offer made, there was a
3 reasonable offer. It wasn't just, "Give us the
4 system and we'll take it over," at that point in
5 time. At that point in time, it was -- and don't
6 hold me to these numbers -- roughly about a \$5
7 million offer. The counter on it was \$19-\$20
8 million. Just didn't make sense. Just didn't make
9 sense, with the amount of infrastructure
10 replacement that had to be done.

11 If you would give me instructions on how I
12 could get that information to the Commission, I
13 would be more than happy to, if it's available from
14 York County, to get that for you, or you could
15 contact York County directly. Either one, I'm
16 willing to help.

17 **CHAIRMAN HAMILTON:** Ms. Wheat will be happy to
18 give you the Commission address.

19 **WITNESS:** I just wanted to -- again, I
20 apologize for not being more prepared. I wasn't
21 planning on talking, but I did want to make this a
22 point of public record for this meeting tonight.

23 **CHAIRMAN HAMILTON:** Thank you, very much, Mr.
24 Johnston. We can set up a late-filed exhibit for
25 that, and it's Exhibit No. 6, if you're able to

1 secure it.

2 **WITNESS:** Okay.

3 **CHAIRMAN HAMILTON:** I see some nodding that
4 the county delegation will be willing to help you.

5 **WITNESS:** You think they will?

6 **CHAIRMAN HAMILTON:** Yes, sir, I believe he
7 just said so.

8 **WITNESS:** I think so, too.

9 [Laughter]

10 Thank you, very much, for your time.

11 **CHAIRMAN HAMILTON:** Thank you, sir.
12 Appreciate it.

13 [WHEREUPON, the witness was excused.]

14 **MR. BUTLER:** Mr. Chairman, that does complete
15 this list of witnesses to appear before the
16 Commission at this time.

17 **CHAIRMAN HAMILTON:** We thank you very much for
18 attending tonight. We thank you for your excellent
19 attitude and appearing before us, and if any of you
20 desire to meet with us again, we'll be having the
21 merits hearing on, I believe, January 14th at 10
22 a.m., at the Commission's offices.

23 Thank you, very much, and we stand adjourned.

24 [WHEREUPON, at 7:20 p.m., the hearing in
25 the above-entitled matter was adjourned.]

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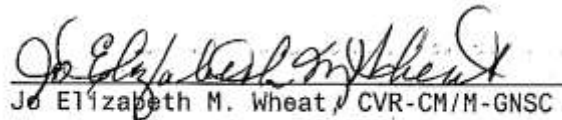
[WHEREUPON, pursuant to immediately post-hearing instruction of the Chair, Hearing Exhibit 7 was marked and received in evidence.]

[WHEREUPON, Late-Filed Hearing Exhibit 6 shall be marked and received in evidence upon receipt of same: 2/5/14]

C E R T I F I C A T E

I, Jo Elizabeth M. Wheat, CVR-CM-GNSC, Notary Public in and for the State of South Carolina, do hereby certify that the foregoing is, to the best of my skill and ability, a true and correct transcript of all the proceedings had and testimony adduced in a public evening hearing held in the above-captioned matter before the Public Service Commission of South Carolina;

IN WITNESS WHEREOF, I have hereunto set my hand on this the 14th day of March, 2014.


Jo Elizabeth M. Wheat, CVR-CM/M-GNSC
Hearings Reporter, PSC/SC